

Public Employees' Retirement System (PERS) Plan 2

Member's Benefit Estimate Worksheet

This worksheet should answer some of the questions you may have regarding how your PERS Plan 2 retirement benefit is calculated. To assist you in completing the worksheet, we have included an example of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. Your actual benefit will probably be somewhat different.

You can retire from PERS Plan 2 when you meet one of the following criteria:

- Age 65 with at least five service credit years
- Age 55 with at least 20 service credit years (Benefit will be actuarially reduced. See table on page 3.)

How service credit is counted:

You earn

- 1 month of service credit
- .50 month of service credit
- .25 month of service credit



When you

- receive pay for at least 90 hours in a month
- receive pay for at least 70 but less than 90 hours in a month
- receive pay for at least 1 but less than 70 hours in a month.. (paid sick leave and vacation qualify for service credit).

	You	John Doe
Step 1: Determine your anticipated date of retirement. 1. I will retire _____ years from now:		9 years
Step 2: Determine your total service credit years at the time you retire. 2a. My current balance of service credit years:		22
2b. The number of years until my retirement date:		9
2c. My projected service credit at retirement (2a + 2b):		22 + 9 = 31
Step 3: Estimate your Average Final Compensation. 3. The average of my 60 consecutive highest paid service credit months is my Average Final Compensation or AFC.* *Lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (step 2b), your actual salary and AFC may differ from its current level. You may wish to estimate your future salary, then figure an AFC based on those figures.		\$3,334 per month

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	You	John Doe
Step 4: Compute your Standard benefit. Also known as Option 1, the standard benefit provides the highest monthly benefit and stops when the retiree dies. At death, the remaining balance in the retiree's account, if any, plus the unpaid portion of the final monthly benefit, would be paid to the beneficiary. The Formula for the Standard Benefit: $2\% \times \text{service credit years} \times \text{AFC} / 12 = \text{monthly benefit}$ 4a. My projected service credit years (2c) times 2%=		$31 \times .02 = .62$
4b. My AFC (3) times 4a = Standard monthly benefit:		$\$3,334 \times .62 = \$2,067$
Step 5: Determine your benefit if you choose a Survivor Payment Option. There are three Survivor options available. Under each of the options, the retiree receives an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on Page 3 to find your reduction factor, then calculate your benefit. 5a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe's beneficiary is one year younger than John.)		$60 - 59 = 1 \text{ year}$
5b. Option 2 -- When retiree dies, the survivor receives a benefit worth 100% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the monthly benefit. (4c x reduction factor = reduced benefit that the retiree receives)		Option 2 benefit $\$2,067 \times .778 = \1608 survivor gets \$1608
5c. Option 3 When retiree dies, the survivor receives a benefit worth 50% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the benefit. (4c x reduction factor = reduced benefit that the retiree receives)		Option 3 benefit $\$2,067 \times .875 = \1808.62 survivor gets \$904.31
5d. Option 4 When retiree dies, the survivor receives a benefit worth 66.67% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the benefit. (4c x reduction factor = reduced benefit that the retiree receives)		Option 4 benefit $\$2,067 \times .840 = \1736.28 survivor gets \$1158.09
NOTE: If you choose a Survivor Payment Option, but your beneficiary dies before you, the benefit amount is increased to a single life time benefit level (Standard Option).		

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Step 6: Calculating a reduction for early retirement.		You	John Doe
6a. Calculate your benefit the same as you would for a standard option benefit. (See Step 4.) For purposes of this example, let's say John decides to retire at 60.			$31 \times .02 = .62$ $$.3,334 \times .62 = \$2,067$
6b. Multiply the monthly benefit by the corresponding reduction factor from table 2.			$\$2,067 \times .85$ $= \$1,757 \text{ per month}$

Table 1: Survivor Benefit Options

	Age Difference	Option 2 100%	Option 3 50%	Option 4 66.67%
Beneficiary Older	-15	0.917	0.957	0.943
	-14	0.912	0.954	0.940
	-13	0.907	0.951	0.936
	-12	0.902	0.948	0.932
	-11	0.896	0.945	0.928
	-10	0.890	0.942	0.924
	-9	0.884	0.938	0.919
	-8	0.878	0.935	0.915
	-7	0.871	0.931	0.910
	-6	0.865	0.927	0.905
	-5	0.858	0.924	0.901
Beneficiary Younger	-4	0.848	0.918	0.893
	-3	0.840	0.913	0.887
	-2	0.826	0.905	0.877
	-1	0.805	0.892	0.861
	0	0.791	0.883	0.850
	1	0.778	0.875	0.840
	2	0.767	0.868	0.832
	3	0.758	0.863	0.825
	4	0.751	0.858	0.819
	5	0.743	0.853	0.813
	6	0.736	0.848	0.807
	7	0.728	0.843	0.801
	8	0.721	0.838	0.795
	9	0.713	0.833	0.789
	10	0.706	0.828	0.783
	11	0.699	0.823	0.777
	12	0.693	0.818	0.772
	13	0.686	0.814	0.766
	14	0.680	0.809	0.761
	15	0.673	0.805	0.756
	16	0.667	0.801	0.751
	17	0.662	0.796	0.746
	18	0.656	0.792	0.741
	19	0.651	0.788	0.736
	20	0.645	0.785	0.732

Table 2 Early Retirement Factors

Your age at retirement	Benefit as a percentage of your age 65 benefit	
	at least 20, less than 30 service credit years	30 or more years of service credit
55 years	37%	70%
56	40%	73%
57	43%	76%
58	49%	79%
59	55%	82%
60	61%	85%
61	67%	88%
62	73%	91%
63	82%	94%
64	91%	97%
65	100%	100%